

## DETAILED SUMMARY OF OTHER AGENCY OVERSIGHT

This appendix provides summaries of the audits listed in Section 4. All information provided is current as of December 31, 2007.

### Other Agency Audits

#### DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

The Department of Defense (DoD) continues to face many challenges in the Global War on Terror (GWOT). The DoD Office of Inspector General (DoD OIG) has identified priorities based on those challenges and has responded by expanding its coverage of GWOT operations and presence in Southwest Asia. DoD OIG has field offices in Qatar, Iraq, and Afghanistan, which enhance DoD OIG's ability to provide audit, inspection, and investigative support to DoD operations to support GWOT. In addition, DoD OIG has increased its coverage of GWOT-related contracting, programs, and operations by assigning more than 200 personnel to ongoing projects and investigations. Currently, a DoD OIG team is leading a comprehensive interagency assessment of the management and accountability of weapons, munitions, and explosives in Iraq and Afghanistan.

The Defense Criminal Investigative Service (DCIS) continues to support activities of the Joint Terrorism Task Forces and Project Shield America. During this reporting period, DCIS had two special agents in Baghdad and two

special agents in Kuwait to target fraud, bribery, kickbacks, and other corruption involving contracting. As DoD continues its effort to win the GWOT, DoD OIG will stay focused on issues important to accomplishing the mission and ensuring that DoD makes efficient use of its resources.

DCIS continues to address Southwest Asia Theater criminal activity through its offices in Southwest Asia; Wiesbaden, Germany; and CONUS task force investigations focusing on public corruption and fraud in the Southwest Asia Theater. Special agents will occasionally travel to the Middle East as necessary from Germany and the United States to further the DCIS investigative mission. In conjunction with DoD OIG's renewed emphasis on oversight of spending related to Iraqi development, DCIS has continued to deploy special agents to Iraq and Kuwait and anticipates placing two special agents in Afghanistan beginning in the summer of FY 2008 to conduct investigations in support of DoD operations in the Southwest Asia Theater. Investigations will primarily involve procurement fraud and public corruption. Six-month rotational details to Iraq and Kuwait commenced in September 2006.

DCIS currently has eight open investigations being worked jointly with SIGIR. DCIS has committed four special agents to support operations in Iraq and Kuwait. No cases were closed during this period. For details on the DCIS investigations, see Table M-1.

## STATUS OF DCIS INVESTIGATIONS

INVESTIGATION STATUS	CONFLICT OF INTEREST	COUNTERFEIT	WEAPONS RECOVERY/ SECURITY	FALSE CLAIMS/ STATEMENTS	THEFT/DRUGS	BRIBERY/ CORRUPTION
Open	0	0	0	3	2	3
Closed	2	3	6	2	20	9
<b>Totals</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>22</b>	<b>12</b>

TABLE M-1

Each DoD OIG component is actively involved in oversight efforts in Iraq. In addition, DoD OIG:

- Is working with the Director, Defense Finance and Accounting Service (DFAS), to immediately address accountability issues germane to funds management in a war-time environment.
- Briefed Lt. Gen. Austin (who is scheduled to assume command of the Multi-National Corps-Iraq in early 2008) about issues in Iraq relating to the business operations of the war that DoD OIG auditors have identified during their oversight of Southwest Asia operations. In addition, during this meeting, DoD OIG hosted Mr. Zack Gaddy, Director, DFAS, who briefed Lt. Gen. Austin on the DFAS role and its increased support to the commanding officers in Iraq and Afghanistan.
- Is an invited observer to the GWOT Cost of War Senior Steering Group that DoD established on February 26, 2007, to improve and standardize cost-of-war reporting. DoD OIG attended a Senior Steering Group meeting in December 2007.
- Is a member of the DoD Panel on Contract-

ing Integrity established by Section 813 of the National Defense Authorization Act for FY 2007 to conduct reviews of progress made by DoD to eliminate areas of vulnerability of the defense contracting system that allow fraud, waste, and abuse. DoD OIG attended meetings on October 11, November 1 and 28, and December 10, 2007.

- Held the third Southwest Asia Joint Planning Group on oversight activities in November 2007.

**Completed Audits/Reviews****Training for U.S. Ground Forces at Army Maneuver Combat Training Center**

(D-2008-033, DECEMBER 28, 2007)

This audit is the first in a planned series of reports on this issue. The objective was to determine whether U.S. ground forces supporting Operation Iraqi Freedom (OIF) are receiving the training necessary to meet operational requirements. The objective of the first phase was to review the use of observers and controllers in preparing Army units for deployment. The Army's Maneuver Combat Training Centers were providing military positions as part of an overall restructuring process and to meet

the training requirements of a more modular force. However, training for ground forces could be negatively impacted by this restructuring if observer/controller positions are not staffed near full-strength in FY 2009. Specifically, the full benefit of combat training may be degraded, and the amount of critical feedback provided by the observer/controllers during training may be reduced. To prevent this from happening, priority for staffing, observer/controllers should be increased from current levels dictated in Army manning guidance.

#### **Army's Procurement and Conditional Acceptance of Medium Tactical Vehicles**

(D-2008-038, DECEMBER 21, 2007)

The objective was to evaluate whether the Army was adequately protecting the government's interest when it includes conditional acceptance provisions in production contracts for the Family of Medium Tactical Vehicle (FMTV) Program. In addition, DoD OIG was evaluating whether management is cost-effectively producing the FMTVs as funded in support of the GWOT. The Army was appropriately using supplemental funds that the Congress provided to the FMTV program office in support of the GWOT. However, the FMTV program office was not adequately protecting the government's interest because it conditionally accepted FMTVs.

Specifically, as was the case more than 11 years ago, the procuring contracting officer for the FMTV, after consulting with the Project Manager Tactical Vehicles, authorized the

administrative contracting officer to conditionally accept incomplete vehicles and paid the contractor up to 100% of the contract price for some of the vehicles. The conditional acceptance of vehicles resulted in the Army prematurely paying the FMTV contractor more than \$3.8 million for vehicles. The conditional acceptance of vehicles also unnecessarily increased the Army's cost risk. When authorizing the conditional acceptance of vehicles, the procuring contracting officer should limit payment to the contractor as stated in the contract to protect the government's interest. The procuring contracting officer should also limit vehicle conditional acceptance to reasons of economy and urgency when those conditions exist. (This is a repeat finding discussed in DoD Inspector General Report No. 96-005, "Quick-Reaction Audit Report on Conditional Acceptance of Medium Tactical Vehicles," October 12, 1995.)

Further, the FMTV contractor was not meeting contract requirements for acceptance of vehicles at first government inspection. The FMTV contractor submitted vehicles for government acceptance that did not meet first-inspection acceptance requirements in the contract. Specifically, the government acceptance of FMTV lots at first inspection decreased from 86% in January 2004 to 21% in January 2007. As a result, the Defense Contract Management Agency (DCMA) incurred additional re-inspection costs to verify that vehicles resubmitted for inspection met contract specifications. The DCMA Director needs to con-

tinue charging the contractor for government re-inspection costs, as he began to do during the audit. Also, the Program Executive Officer for Combat Support and Combat Service Support should slow the contractor's daily vehicle production rate until the contractor can meet vehicle first-acceptance inspection requirements in the contract.

### **Request for and Use of Emergency Supplemental Funds for the Rapid Fielding Initiative**

(D-2008-029, DECEMBER 5, 2007)

The objective was to evaluate the supply chain management of Clothing and Textile (Class II) Items to determine whether they are being efficiently and effectively obtained, specifically:

- the requirements determination and procurement processes
- the acquisition of selected Class II items
- supply responsiveness, including emergency supplemental funds used to provide Rapid Fielding Initiative program items to soldiers in support of contingency operations

DoD OIG determined that the Program Executive Office Soldier used about \$221 million in emergency supplemental funds during FY 2006 to provide Rapid Fielding Initiative items to about 125,000 soldiers who had not deployed and were not scheduled to deploy in support of contingency operations. Additionally, the Program Executive Office Soldier records as of October 2006 showed

that it planned during the first part of 2007 to provide Rapid Fielding Initiative items to about 100,000 soldiers who were not scheduled to deploy—at a cost of about \$177 million.

The cost of Rapid Fielding Initiative items for FY 2006 and for FY 2007 was about \$398 million in emergency supplemental funds that could have been put to better use. The Program Executive Office Soldier should document requests for emergency supplemental funds for the Rapid Fielding Initiative only for deploying soldiers in accordance with the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer and congressional guidance on contingency operations. The Program Executive Office Soldier should field Rapid Fielding Initiative items acquired with supplemental funds only to those deploying or scheduled to deploy, and request baseline operation and maintenance funds to field Rapid Fielding Initiative items to non-deploying soldiers. In addition, the Assistant Secretary of the Army (Financial Management and Comptroller) should develop a process to verify that requests for emergency supplemental funds are for soldiers deploying in support of contingency operations.

### **Management of the Iraq Security Forces Fund in Southwest Asia—Phase III**

(D-2008-026, NOVEMBER 30, 2007)

The objective of this congressional request was to determine whether the Multi-National Security Transition Command-Iraq (MNSTC-I) properly accounted for the goods and services

purchased for the Iraqi Security Forces (ISF) using the Iraq Security Forces Fund (ISFF) and whether the delivery of goods and services was properly made to the ISF.

MNSTC-I was not able to demonstrate proper accountability for and management of the ISFF and could not always demonstrate that the delivery of services, equipment, and construction was properly made to the ISF. As a result, MNSTC-I was unable to provide reasonable assurance that ISFF achieved the intended results, that resources were used in a manner consistent with the mission, and that the resources were protected from waste and mismanagement. In addition, several transactions resulted in \$1.8 million of funds that could be put to better use. Those transactions were not identified for de-obligation by the required MNSTC-I tri-annual reviews.

The Commander, MNSTC-I, should establish internal controls and specific procedures for forward-deployed personnel to follow in maintaining adequate oversight of obligated funds and retaining accountable property records for expenditure of wartime funding. Also, the Commander, MNSTC-I, should develop standard operating procedures for processing, managing, and overseeing Military Interdepartmental Purchase Requests. In addition, the Commander, MNSTC-I, should identify personnel requirements for proper sourcing in the Joint Manning Document it submits through MNF-I, U.S. Central Command, to the Joint Staff and the Office of the Secretary of Defense. The Commander, MNSTC-I, should

establish procedures that ensure compliance with the DoD Financial Management Regulation for performing and documenting tri-annual validation reviews of unliquidated obligations, and establish controls to de-obligate funds efficiently. The Commander, MNSTC-I, in conjunction with the DFAS, should conduct an assessment of financial management functions (such as financial reporting, accounts payable, and cost accounting) that could be transferred outside of Iraq to ease the strain on the Command's accounting personnel.

#### **Air Force Use of Global War on Terrorism Supplemental Funding Provided for Procurement and Research, Development, Test, and Evaluation**

(D-2008-027, NOVEMBER 21, 2007)

The objective was to determine the adequacy of DoD financial controls over use of GWOT supplemental funding provided for procurement and research, development, test, and evaluation. DoD OIG also determined whether the funds were placed on contracts and used for purposes stipulated in the congressionally approved supplemental funding for GWOT. Phase I reviewed the adequacy of Air Force financial controls over the use of GWOT supplemental funding provided for procurement and research, development, test, and evaluation.

The DoD OIG review concluded that the Air Force needs to improve its management and financial controls over the use of GWOT supplemental and bridge funding provided for

procurement and research, development, test, and evaluation. Specifically, because the Air Force comptrollers and budget officers did not always include an emergency operations code for supplemental and bridge funds in their accounting classifications, the Air Force financial community could not ensure that funds placed on contracts were used for the efforts stipulated by the Congress. As a result, the Air Force did not have accounting controls to accurately report to the Congress its progress in obligating those funds.

The Assistant Secretary of the Air Force (Financial Management and Comptroller) should enforce procedures that require Air Force comptrollers and budget officers to assign emergency operations codes in accounting classifications for GWOT obligations in accordance with Air Force Instruction 65-601, “Financial Management,” March 3, 2005. The Assistant Secretary of the Air Force (Financial Management and Comptroller) should also establish procedures to ensure that funds can be tracked through the General Accounting and Finance System.

After discussion with the audit team, the Assistant Secretary of the Air Force (Financial Management and Comptroller) issued a memorandum, “Global War on Terrorism (GWOT) Cost of War Reporting,” April 3, 2007. The memorandum requires each major command that receives supplemental funding to report monthly on GWOT obligations and expenditures at the line-item level of detail. The memorandum also reiterates the requirement

for Air Force comptrollers and budget officers to properly code GWOT funding documentation with emergency operations codes in accounting classifications. DoD OIG identified a material internal control weakness regarding inconsistent emergency operations coding of GWOT supplemental and bridge funds. Specifically, the report addresses a systemic financial internal control weakness with regard to the Air Force’s process for tracking, controlling, and reporting on the use of supplemental funds provided for GWOT.

#### **Ongoing Audits**

##### **Controls over the Reporting of Transportation Costs in Support of the Global War on Terror**

(D2008-D000FI-0083.000, INITIATED DECEMBER 27, 2007)

The objective is to evaluate the effectiveness of controls over the reporting of transportation costs related to GWOT.

##### **Medical Equipment Used To Support Operations in Southwest Asia**

(D2008-D000LF-0093.000, INITIATED NOVEMBER 28, 2007)

The objective is to evaluate the internal controls over medical equipment used to support operations in Southwest Asia. Specifically, DoD OIG will determine whether controls are in place for acquiring mission-essential medical equipment and whether the recording and reporting of medical equipment are accurate and complete. The audit will focus

on the inventory of initially deployed medical equipment and the mission essentiality and acquisition of medical equipment needed to sustain current medical operations. DoD OIG will determine if medical equipment purchases were justified and whether medical equipment has been properly reported and recorded in asset accountability databases. This project is being performed in support of Operation Enduring Freedom (Afghanistan) and Operation Iraqi Freedom.

#### **Security over Radio Frequency Identification**

(D2008-D000AS-0044.000, INITIATED OCTOBER 16, 2007)

This is the second in a series of audits on radio frequency identification. The overall objective is to determine whether DoD implemented security controls to protect radio frequency identification information. Specifically, DoD OIG will assess the implementation and effectiveness of those security controls over the information. The scope of this work will include DoD GWOT efforts.

#### **Small Arms Ammunition Fund Management in Support of the Global War on Terror**

(D2008-D000FJ-0014.000, INITIATED OCTOBER 11, 2007)

The objective is to determine whether the military departments properly managed small-arms ammunition funds in support of GWOT. Specifically, DoD OIG will determine whether

financial management officials fully supported and properly incurred obligations and expenditures. DoD OIG also will determine whether funds for small-arms ammunition were accurately recorded in financial systems for reporting to the Office of the Secretary of Defense.

#### **Contracts for Supplies Requiring Use of Radio Frequency Identification**

(D2008-D000AS-0022.000, INITIATED OCTOBER 5, 2007)

The objective is to determine whether DoD components are complying with policies on radio frequency identification. Specifically, DoD OIG will determine whether DoD components have prepared and implemented plans to use radio frequency identification. Additionally, DoD OIG will assess whether DoD contracts issued since January 1, 2005, include requirements for using passive and active radio frequency identification tags and whether contractors are complying with those requirements.

#### **Payments for Transportation Using PowerTrack®**

(D2008-D000FJ-0006.000, INITIATED SEPTEMBER 20, 2007)

The objective is to determine whether DoD established adequate control procedures over transportation payments made using PowerTrack® and payments made to U.S. Bank for PowerTrack® services.



## **Internal Controls and Data Reliability in the Deployable Disbursing System**

(D2007-D000FL-0252.000, INITIATED AUGUST 31, 2007)

The objective is to determine whether internal controls over transactions processed through the Deployable Disbursing System are adequate to ensure the reliability of the data processed. The audit will include financial information processed by disbursing stations supporting GWOT, and DoD OIG will also follow up on work it completed during its audit of “Internal Controls Over Out-of-Country Payments.”

## **Summary of Issues Impacting Operations Iraqi and Enduring Freedom Reported by Major Oversight Organizations Beginning FY 2003 through FY 2007**

(D2007-D000XA-0249.000, INITIATED AUGUST 22, 2007)

The objective is to summarize contract, funds management, and other accountability issues identified in audit reports and testimonies that discuss mission-critical support to Operations Iraqi and Enduring Freedom.

## **Defense Hotline Allegations Concerning Contracts Issued by U.S. Army TACOM Life Cycle Management Command to BAE Systems Land and Armaments, Ground Systems Division**

(D2007-D000CK-0256.000, INITIATED AUGUST 17, 2007)

The objective is to review allegations to the

Defense Hotline concerning contracts issued by U.S. Army TACOM Life Cycle Management Command to BAE Systems Land and Armaments, Ground Systems Division. Specifically, DoD OIG will determine whether contract award and administrative procedures complied with federal and DoD policy.

## **Controls over the Contractor Common Access Card Life Cycle**

(D2007-D000LA-0199.001, INITIATED AUGUST 14, 2007)

The objective is to determine whether controls over Common Access Cards (CACs) provided to contractors are in place and work as intended. Specifically, DoD OIG will determine whether DoD officials issue CACs to contractors, verify the continued need for contractors to possess CACs, and revoke or recover CACs from contractors in accordance with DoD policies and procedures. This project was derived as a result of research of contractor issues, including CACs. Travel to Southwest Asia was deferred until at least January 2008 so initial fieldwork for the “Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan” could be completed.

## **Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan**

(D2007-D000IG-0239.000, INITIATED JULY 27, 2007)

The objective is to determine whether accountability and controls over the distribution of conventional military arms and ammunition



provided by the United States to the security forces of Iraq and Afghanistan are adequate. Specifically, DoD OIG will determine the effectiveness and efficiency of DoD management of security, accountability and visibility, transportation, storage, contracting support, and host-nation support for the distribution of conventional military arms and ammunition to these security forces.

**Lessons Learned: Advisory Support to Iraqi Ministry of Defense and Ministry of Interior Offices of the Inspectors General**

(D2006-DIPoE3-0038.002, INITIATED JULY 15, 2007)

In July 2007, DoD OIG initiated a project to document the lessons learned during the three-year experience mentoring the establishment and development of a viable, sustainable, effective inspector general (IG) system in Iraq. This project will capture the concepts, strategies, options, and practical applications that can be used in future situations in which establishing a federal IG system may be appropriate in nation-building missions. IGs can help build accountability and transparency into an indigenous government's operations by being a catalyst for setting standards, policies, and procedures that contain adequate internal and external controls. DoD OIG has initiated talks with other DoD entities and DoS planners who are working on how to build capacity within failing or failed states.

**Procurement and Delivery of Joint Service Armor Protected Vehicles**

(D2007-D000CK-0230.000, INITIATED JULY 13, 2007)

The objective is to determine whether the Mine Resistant Ambush Protected (MRAP) vehicle program office is effectively procuring armored vehicles in accordance with the Federal Acquisition Regulation and DoD requirements. Specifically, DoD OIG will review MRAP program administration to determine whether the Program Office is taking appropriate actions to accelerate vehicle delivery to users. In addition, DoD OIG will review the Services' requirements for MRAP and High Mobility Multipurpose Wheeled Vehicles.

**Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Trust Fund**

(D2007-D000FB-0198.000, INITIATED JUNE 19, 2007)

The objective is to determine whether funds appropriated for the security, reconstruction, and assistance of Afghanistan and Iraq and processed through the Foreign Military Sales Trust Fund are being properly managed. Specifically, DoD OIG will determine whether the transfer of appropriated funds from the Army's accounts into the Foreign Military Sales Trust Fund was properly authorized, accounted for, and used for the intended purpose. DoD OIG will also determine whether Foreign Military Financing funds granted to Afghanistan and Iraq are properly accounted for and used for their intended purpose. In addition, DoD OIG

will determine whether the appropriated funds are properly reported in DoD financial reports.

## **Operations and Maintenance Funds Used for Global War on Terror Military Construction Contracts**

(D2007-D000CK-0201.000, INITIATED JUNE 18, 2007)

The objective is to determine whether DoD components followed requirements for using operations and maintenance funds for GWOT military construction. Specifically, DoD OIG will evaluate whether DoD followed proper procedures for administering, executing, and reporting the use of O&M funds on GWOT military construction contracts.

## **Review of Intelligence Resources at the Joint Intelligence Task Force Combating Terrorism and Special Operations Command in Support of Operation Enduring Freedom and Operation Iraqi Freedom**

(D2007-DINT01-0092.001, INITIATED JUNE 14, 2007)

The objective is to examine intelligence missions and corresponding resources at both the Joint Intelligence Task Force Combating Terrorism and Special Operations Command to determine the sufficiency of those resources to accomplish their intelligence missions. A draft report is expected to be issued in the first quarter of FY 2008.

## **Evaluation of the Army Investigations into the Death and Injury of Reuters News Service Employees by U.S. Forces on August 28, 2005**

(PROJECT NO. 2007C003, INITIATED JUNE 13, 2007)

At the request of Reuters, DoD OIG is reviewing the investigation into the death of a Reuters employee by U.S. Forces during an ambush in Iraq on August 28, 2005, to determine whether the Army properly investigated and reported the incident. DoD OIG completed the field work and is drafting the report, which is expected to be issued in January 2008.

## **Review of Investigative Documentation Associated with the Fatality of a U.S. Army Corporal during Convoy Operations in Iraq**

(DRAFT REPORT NO. D2007-DIPoE1-0210, DRAFT REPORT NOVEMBER 16, 2007. PROJECT INITIATED MAY 24, 2007)

The Honorable F. James Sensenbrenner requested this DoD OIG review on behalf of the parents of the deceased soldier who was fatally wounded during a supply convoy operation in Iraq on July 24, 2006. The review team evaluated the parent's specific allegations regarding the incident and their concerns on various aspects of the investigative report. The final report is scheduled for release in January 2008.

### **Assessment of DoD Support to Iraqi Security Forces OIGs (Ministry of Defense and Ministry of Interior)**

(D2006-DIPoE3-0038.001, INITIATED APRIL 19, 2007)

DoD OIG dispatched a team to Iraq to conduct this assessment from May 7 through June 21, 2007. The purpose of the assessment was to examine the strengths and weaknesses of DoD support for the security ministry Offices of Inspector General. The team is preparing the draft report and continues to refine findings and recommendations in corroboration with functional managers in MNSTC-I. The draft report is anticipated to be released in January 2008.

### **Marine Corps' Management of the Recovery and Reset Programs**

(D2007-D000LD-0129.000, INITIATED APRIL 13, 2007)

The objective is to determine the effectiveness of the Marine Corps' Recovery and Reset Programs for selected equipment. Specifically, DoD OIG will review how the Marine Corps met its equipment requirements through the Reset and Recovery Programs, whether it effectively repaired or replaced selected equipment, and whether it used funds for their intended purpose.

### **Defense Hotline Allegations Concerning the Biometric Identification System for Access Omnibus Contract**

(D2007-D000AS-0157.000, INITIATED MARCH 6, 2007)

The objective is to review allegations to the Defense Hotline concerning the acquisition of the Biometric Identification System (a system employed in Iraq) for Access Omnibus contract under the Army's Strategic Services Sourcing contract vehicle. Specifically, DoD OIG will determine whether source selection procedures were conducted in compliance with federal and DoD policy.

### **Internal Controls over Air Force General Funds Cash and Other Monetary Assets**

(D2007-D000FD-0145.000, INITIATED MARCH 5, 2007)

The objective is to determine whether internal controls for Air Force General Funds Cash and Other Monetary Assets are effectively designed and operating to adequately safeguard, account for, and report Cash and Other Monetary Assets. Travel to Southwest Asia was deferred until January 2008 so fieldwork for the "Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan" could be completed.

## **Internal Controls over Navy, General Fund, Cash, and Other Monetary Assets Held Outside the Continental United States**

(D2007-D000FN-0142.000, INITIATED FEBRUARY 27, 2007)

The objective is to determine whether internal controls for Department of the Navy, General Fund, Cash, and Other Monetary Assets held outside of the CONUS are effectively designed and operating to adequately safeguard, record, account, and report Cash and Other Monetary Assets. Travel to Southwest Asia was deferred until January 2008 so fieldwork for the “Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan” could be completed.

## **Internal Controls over Army, General Fund, Cash, and Other Monetary Assets Held Outside the Continental United States**

(D2007-D000FP-0122.000, INITIATED FEBRUARY 9, 2007)

The objective is to determine whether internal controls over Army Cash and Other Monetary Assets held outside of the United States are properly safeguarded, recorded, accumulated, and reported. Travel to Southwest Asia was deferred until January 2008 so fieldwork for the “Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan” could be complete.

## **DoD Training for U.S. Ground Forces Supporting Operation Iraqi Freedom**

(D2007-D000LH-0108.000, INITIATED JANUARY 5, 2007)

The objective is to determine whether U.S. ground forces supporting Operation Iraqi Freedom (OIF) are receiving training necessary to meet operational requirements. Specifically, DoD OIG will determine whether requirements reflect the training necessary in the area of operation and verify whether ground forces receive required training. In addition, DoD OIG will determine whether training meets the needs of ground forces supporting OIF. Phase I will review the use of observers and controllers in preparing Army units for deployment, Phase II will review equipment levels at Combat Training Centers and Mobilization Centers, Phase III will review theater-specific training requirements and how that training is executed at Combat Training Centers, and Phase IV will review training for Reserve soldiers and units deploying in support of Operating Iraqi Freedom. A final report was issued for Phase I on December 28, 2007.

## **Evaluation of Department of Defense Intelligence Support to Combatant Commands in Operation Enduring Freedom and Operation Iraqi Freedom**

(D2007-DINT01-0092, INITIATED DECEMBER 15, 2006, SUSPENDED JUNE 19, 2007)

The objectives are to examine DoD intelligence community support to the Combatant Commands in Operation Enduring Freedom

and OIF, to identify excellence and systemic problems, and to make recommendations for improvement. This will be a multi-phased project that will evaluate different elements of intelligence support. The final output will be a summary report of the sub-projects initiated under this number. To date, two specific sub-projects have been initiated.

#### **Hiring Practices Used To Staff the Iraqi Provisional Authorities**

(D2007-D000LC-0051.000, INITIATED DECEMBER 14, 2006)

The objective is to evaluate the hiring practices that DoD used to staff personnel to the provisional authorities supporting the Iraqi government from April 2003 to June 2004. Specifically, the audit will determine the process DoD used to assign personnel to the Office of Reconstruction and Humanitarian Assistance and the CPA in Iraq.

#### **Supplemental Funds Used for Medical Support for the Global War on Terror**

(D2007-D000LF-0032.000, INITIATED NOVEMBER 30, 2006)

The objective is to determine whether supplemental funds for the medical mission were properly justified and sufficient controls on their use were implemented as directed by DoD and military department guidelines. DoD OIG will initially focus on the Defense Health Program portion of supplemental funding for the medical organizations that supported medical backfill and pre- and post-deployment.

DoD OIG issued a draft report on November 26, 2007, and expects to issue a final report during the second quarter of FY 2008.

#### **Procurement, Distribution, and Use of Body Armor in the Department of Defense**

(D2007-D000LA-0054.000, INITIATED NOVEMBER 9, 2006)

The objective of this congressional request is to evaluate the procurement history and practices for body armor, and the effect that the Army's decision to ban the use of personally purchased body armor has on the safety of Service members. On December 21, 2007, DoD OIG issued a draft report and expects to issue a final report during the second quarter of FY 2008.

#### **Potable and Nonpotable Water in Iraq**

(D2006-D000LQ-0254.000, INITIATED SEPTEMBER 5, 2006)

The objective of this congressional request is to determine whether the processes for providing potable and nonpotable water to U.S. forces in Iraq are adequate. The audit was conducted by staff from the Qatar Field Office who forward-deployed to Iraq. In addition, a team of auditors traveled to various CONUS locations to locate and obtain supporting documentation.

On May 23, 2007, DoD OIG sent a letter to Senator Byron Dorgan with the results of its review of four contractor-operated water production sites in Iraq. In June 2007, at the request of the Senate Armed Services Committee, DoD OIG began additional audit fieldwork to address the Committee's further concerns

about the quality of water at Camp Ar Ramadi. On December 28, 2007, DoD OIG issued a draft report and expects to publish the final report during the second quarter of FY 2008.

## **Inspection Process of the Army Reset Program for Equipment for Units Returning from Operation Iraqi Freedom**

(D2006-D000LH-0246.000, INITIATED AUGUST 30, 2006)

The objective is to examine the Army Reset Program for equipment of the units that return from OIF and to determine the effectiveness of the vehicles' inspection process after their tour. The initial scope of this project pertained to vehicles; however, the scope was expanded to include equipment such as missiles, tracked vehicles, communications, and small arms. The project with the expanded scope and objectives was re-announced on January 22, 2007.

The team met with units in CONUS during the second quarter of FY 2007. In addition, the team went to Kuwait during the second quarter of FY 2007. The OIG Iraq forward-operating activity completed fieldwork for units currently in Iraq. On September 17, 2007, DoD OIG issued a draft report and expects to publish the final report during the second quarter of FY 2008.

## **DoD Use of GWOT Supplemental Funding Provided for Procurement and Research, Development, Test, and Evaluation**

(D2006-D000AE-0241.000, INITIATED AUGUST 4, 2006)

The objective is to determine the adequacy of DoD financial controls over use of GWOT supplemental funding provided for procurement and research, development, test, and evaluation. DoD OIG will also determine whether the funds were placed on contracts and used for purposes stipulated in the congressionally approved supplemental funding for GWOT. Phase I will review the adequacy of Air Force financial controls over the use of GWOT supplemental funding provided for procurement and RDT&E; Phase II will determine whether management is effectively preparing the "DoD Supplemental and Cost of War Execution Report" for procurement and RDT&E; and Phase III will review the adequacy of Army, Navy, Marine Corps, and defense agencies' financial controls over the use of GWOT supplemental funding provided for procurement and RDT&E. A final report was issued for Phase I on November 21, 2007; DoD OIG expects to publish the other final reports in the second quarter of FY 2008.

## **DoD/Department of Veterans Affairs (VA) Inspectors General Interagency Care Transition Project**

(DOD PROJECT D2006-DIPoE2-0137; DVA PROJECT 2006-02857-HI-0400, INITIATED JULY 24, 2006)

Requested by the Under Secretary of Defense

for Personnel and Readiness, the IGs of DoD OIG and the Department of Veterans Affairs are conducting this interagency evaluation of the care transition laws, regulations, and policies and will recommend process improvements to provide effective, transparent, and expeditious access to health care and other benefits when wounded service members are identified for separation or retirement. The draft report is anticipated to be released in January 2008 for management comments.

#### **Conditional Acceptance and Production of the Army Medium Tactical Vehicles in Support of the Global War on Terror**

(D2006-D000AE-0225.000, INITIATED JULY 10, 2006)

The objective of Phase I is to determine whether the Army is adequately protecting the government's interest when it includes conditional acceptance provisions in production contracts for the Family of Medium Tactical Vehicle Program. In addition, DoD OIG will evaluate whether management is cost-effectively producing the Family of Medium Tactical Vehicles as funded in support of GWOT. Phase II will determine the number of armored and unarmored medium tactical vehicles in Iraq and Afghanistan, how the Army determined its requirements for armored medium tactical vehicles, how the Army determined its requirements for crew protection kits, and why crew protection kit production lapsed. A final report was issued for Phase I on December 21, 2007.

#### **Internal Controls over Out-of-Country Payments**

(D2006-D000FL-0208.000, INITIATED MAY 23, 2006)

The objective is to determine whether internal controls over out-of-country payments supporting GWOT provide reasonable assurance that payments are properly supported and recorded. The team is working with the OIG Iraq Field Office to identify and obtain supporting documentation. DoD OIG granted DFAS an additional 90 days to provide supporting documentation.

#### **DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL**

##### **Completed Audits**

There were no completed audits related to Iraq for the quarter ending December 31, 2007.

##### **Ongoing Audits**

##### **Review of Procurement Competition: New Embassy Compound Baghdad**

(07AUD3034, INITIATED APRIL 2007)

This audit is in the draft report stage. The objectives are to determine whether the New Embassy Compound contractors were awarded competitively and whether sole-source awards were justified. The draft report is expected to be issued in January 2008.



## U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT OFFICE OF INSPECTOR GENERAL

### Completed Audits

U.S. Agency for International Development (USAID) Office of Inspector General (OIG) reported no completed audits related to Iraq for the quarter ending December 31, 2007.

### Ongoing Audits

#### Audit of USAID/Iraq's Community Stabilization Program

There are two objectives of this audit:

- Is USAID/Iraq's Community Stabilization Program achieving its intended results with regard to activities in the community infrastructure and essential services component?
- Has USAID/Iraq designed and implemented its Community Stabilization Program to help ensure that Iraqis continue to benefit from its activities after USAID involvement has ended?

#### Audit of USAID/Iraq's Management of its Official Vehicle Fleet

The objective of this audit is to determine whether USAID/Iraq has acquired, utilized, and disposed of its official vehicles in accordance with USAID's Automated Directives System.

#### Audit of USAID/Iraq's Marla Ruzicka War Victims Assistance Fund

There are two objectives of this audit:

- Is USAID/Iraq complying with provisions

contained in public laws to help ensure that funds appropriated for the Marla Fund are used as intended?

- Is USAID/Iraq using funds appropriated for the Marla Fund to assist Iraqi civilians and families who have directly suffered as a result of military operations by U.S. and coalition forces?

#### Audit of USAID/Iraq's Monitoring and Evaluation Performance Program

There are two objectives of this audit:

- Is the Monitoring and Evaluation Performance Program, Phase II, producing monitoring and evaluation reports that are timely, relevant, and useful for performance management?
- Is USAID/Iraq using MEPP II program results to manage its portfolio?

## DEFENSE CONTRACT AUDIT AGENCY

The Defense Contract Audit Agency's (DCAA's) services include professional advice to acquisition officials on accounting and financial matters to assist them in the negotiation, award, administration, and settlement of contracts.

In addition to DCAA's involvement in the negotiation and award of contracts, significant resources are also dedicated to overseeing the allowability, allocability, and reasonableness of incurred and billed costs. Procedures that govern the costs incurred in-country are also tested through reviews of contractor timekeeping, subcontract management, and cash man-

## DCAA AUDITS RELATED TO IRAQ FOR FY 2007 AND FY 2008

DESCRIPTION OF AUDIT AREA	FY 2007	FY 2008	
	CLOSED	CLOSED	OPEN
Price Proposals (1)	105	10	13
Agreed-upon Procedures Price Proposal (2)	13	0	0
Other Special Requested Audits (3)	71	11	51
Incurred Cost (4)	27	5	152
Labor Timekeeping (5)	60	3	26
Internal Controls (6)	32	4	69
Preaward Accounting Survey (7)	6	0	0
Purchase Existence and Consumption (8)	23	1	21
Cost Accounting Standards (9)	39	13	52
Other (10)	47	5	117
<b>Total</b>	<b>423</b>	<b>52</b>	<b>501</b>

## Notes:

1. Price Proposals—Audits of price proposals submitted by contractors in connection with the award, modification, or repricing of Government contracts or subcontracts
2. Agreed-upon Procedures Price Proposal—Evaluation of specific areas, including actual labor and overhead rates and/or cost realism analysis, requested by customers in connection with the award of government contracts or subcontracts
3. Other Special Requested Audits—Audit assistance provided in response to special requests from the contracting community based on identified risks
4. Incurred Cost—Audits of costs charged to government contracts to determine whether they are allowable, allocable, and reasonable
5. Labor Timekeeping—Audits to determine whether the contractor consistently complies with established timekeeping system policies and procedures for recording labor costs
6. Internal Controls—Audits of contractor internal control systems relating to the accounting and billing of costs under government contracts
7. Preaward Accounting Survey—Preaward audits to determine whether a contractor's accounting system is acceptable for segregating and accumulating costs under government contracts
8. Purchase Existence and Consumption—The physical observation of purchased materials and services and related inquiries regarding their documentation and verification of contract charges
9. Cost Accounting Standards—Audits of Contractor Disclosure Statements and compliance with Cost Accounting Standards
10. Other—Significant types of other audit activities including compliance with Truth in Negotiations Act, audits of provisional billing rates, and audits of claims and termination settlement proposals

TABLE M-2

agement/disbursement. Finally, to ensure that adequate internal controls are in place regarding the contractor's policies and procedures, DCAA performs audits associated with critical internal control systems, with an emphasis on estimating, subcontract management, and billing systems.

The DCAA plans and performs work on a fiscal year basis. As of December 31, 2007, the DCAA Iraq Branch Office staff comprised 22 employees. The Iraq Branch Staff is split between Kuwait (15) and Iraq (7). Table M-2 shows both the Iraq-related audits closed during FY 2007 and the audits closed and still open in FY 2008 (as of December 31, 2007).

### **U.S. ARMY AUDIT AGENCY**

As of December 31, 2007, the U.S. Army Audit Agency (USAAA) had no auditors working in Iraq, Kuwait, or Afghanistan. The entire deployed staff had returned to the United States for vacation time. Beginning in January 2008, USAAA will redeploy a staff of about 25 auditors to continue ongoing audit work in Iraq, Kuwait, and Afghanistan.

#### **Completed Audits**

##### **Army Operational Plans for Contractor Support on the Battlefield**

(AUDIT REPORT A-2008-0021-FFS, NOVEMBER 28, 2007)

USAAA audited the Army's planning for contractor support on the battlefield, focusing on systems support contracts. USAAA assessed compliance with laws and regulations governing planning for and managing contractor support on the battlefield. USAAA also determined whether contracts operating in the theater included the required deployment clauses and language. The audit was the first in a series of audits concerning issues relating to contractors on the battlefield.

USAAA found that the Army was beginning to address contractor planning and integration issues in the guidance and planning documents for using contractors on the battlefield. However, further improvement was needed to ensure that integration issues and known contractor-staffing requirements were adequately incorporated into planning documents so that contract support is fully integrated into

the Army force structure. Additionally, about 86% of the system-support contracts reviewed incorporated contractor deployment language or the associated contracting clause—Contractor Personnel Authorized to Accompany U.S. Armed Forces Deployed Outside the United States—as required. However, only 36% incorporated the actual clause ensuring that all contractor issues were considered, which was more inclusive than much of the deployment language found.

Without adequate planning for using contractors on the battlefield, the Army assumes increased risk, such as discontinuation of essential services during mission operations, as well as uncertainty over government versus contractor roles and responsibilities. To correct these problems, the Assistant Secretary of the Army (Acquisition, Logistics and Technology); the Deputy Chief of Staff, G-4; and the Army Material Command are taking several actions, including updating applicable guidance to assign appropriate planning responsibilities, as well as requiring all acquisition and logistics organizations to jointly participate in crisis action planning.

##### **Follow-Up Audit of Internal Controls over Cargo Container Payments, Military Surface Deployment, and Distribution Command**

(AUDIT REPORT A-2008-0010-ALL, NOVEMBER 2, 2007)

USAAA performed the audit at the request of the Deputy Chief of Staff, G-4. The audit

was part of a multi-location audit that was assessing the effectiveness of the management of shipping containers in Southwest Asia. USAAA followed up on three recommendations in Audit Report: A-2005-0177-ALS, Internal Controls over Cargo Container Payments, Military Surface Deployment and Distribution Command (May 12, 2005). To establish continuity of operations and improve the internal controls over the review and verification of detention fee claims and invoices submitted by ocean carriers, USAAA recommended that the Commander, Military Surface Deployment and Distribution Command (SDDC), take these actions:

- Strengthen standing operating procedures by including integrated processes, procedures, and detailed instructions to be put into place during future contingency operations that can handle the large number of billings that result from the high volume of containers used during contingency operations.
- Establish procedures for independently verifying discharge and container pickup dates shown on detention bills.
- Assess personnel requirements for contingency operations.

USAAA's objective for the follow-up audit was to determine whether SDDC implemented the recommendations and corrected the problems identified during the initial audit. The initial audit showed that SDDC was not able to promptly and properly verify more

than \$156 million in detention fee bills from ocean carriers. This occurred because standing operating procedures did not address processing the surge in detention fee invoices, government personnel were not verifying container discharge and pickup dates, verification of detention fee computations was cumbersome, and there was an insufficient number of personnel to properly verify detention fee bills before payment.

The follow-up audit showed that SDDC made a variety of improvements to strengthen controls over the review and verification of detention fee bills, including:

- developing a Detention Management Database with automated verification procedures to expedite the review of detention fee claims and invoices
- working with U.S. Central Command, which through the Container Management Element in theater, developed an automated container management information system
- adjusting the staffing composition to oversee ocean carrier detention fee claims and invoices
- planning on a Container Management Division with a requirement for 20 personnel

However, SDDC was still in the process of implementing the recommendations. Key SDDC personnel stated they were awaiting approval from SDDC Headquarters for a planned Container Management Division before developing standing operating proce-

dures. As a result, USAAA requested revised target dates for implementing the recommendations, and SDDC provided December 31, 2007, as its estimated completion date to implement the recommendations. The Office of the Deputy Chief of Staff, G-4, provided the official Army position and agreed with the report's findings. The report contains no recommendations.

## Ongoing Audits

### Management of Shipping Containers in Southwest Asia

(PROJECT CODE A-2007-ALL-0081, INITIATED SEPTEMBER 6, 2007)

This audit involves work in the United States, Iraq, Kuwait, and Afghanistan. It evaluates whether:

- shipping containers were adequately managed to ensure accountability and minimize detention charges
- visibility over equipment and supplies transported to, within, and from the theater of operations was adequate
- controls over payments for the use of containers were adequate

### Audit of Joint Contracting Command-Afghanistan

(PROJECT CODE A-2007-ALL-0887.003, INITIATED AUGUST 5, 2007)

This audit evaluates whether:

- services acquired under contracts were properly justified and cost-effective

- contracts were properly awarded and administered

### Audit of Joint Contracting Command-Iraq

(PROJECT CODE A-2007-ALL-0887.001, INITIATED JULY 24, 2007)

This audit evaluates whether:

- services acquired under contracts were properly justified and cost effective
- contracts were properly awarded and administered

### Audit of U.S. Army Contracting Command Southwest Asia-Kuwait

(PROJECT CODE A-2007-ALL-0329, INITIATED OCTOBER 26, 2006)

This audit evaluates whether contracting operations were effective and performed in accordance with appropriate laws and regulations.

### Retrograde Operations in Southwest Asia

(PROJECT CODE A-2006-ALL-0397, INITIATED JUNE 26, 2006)

This audit involves work in Iraq and Kuwait. It evaluates the retrograde and redistribution of military property resulting from restructuring military forces and the attendant contractor support.

### **Audit of Logistics Civil Augmentation Program (LOGCAP)**

(PROJECT CODE A-2006-ALL-0264 AND A-2007-ALL-0212, INITIATED MAY 3, 2005)

The Commander, MNF-I requested this audit. Preliminary audit planning began on January 3, 2005, and audit work began in Kuwait and Iraq on May 3, 2005 (in-country work was delayed at command's request). The work focuses on evaluating the adequacy of LOGCAP throughout the Iraq area of operations. The specific objectives include answering these questions:

- Are services acquired under the LOGCAP contract reasonable and cost-effective solutions for satisfying force requirements?
- Are adequate management structures in place to plan, acquire, and manage services obtained under the LOGCAP contract?
- Is the contract administration over LOGCAP work in Iraq adequate?
- Are adequate internal controls in place over LOGCAP operations in Iraq, especially those areas highly susceptible to fraud, waste, and abuse?
- Does adequate information exist to enable higher levels of management to provide sufficient oversight over LOGCAP operations in Iraq?

These are “umbrella” projects for various audits that are underway on LOGCAP issues in support of OIF. This ongoing work includes coverage of dining facility operations, supply support activity operations, bulk fuel con-

trols, and the cross-leveling and disposition of government-furnished property managed by contractors. USAAA anticipates publishing five reports on the results of this work when the command reply process has been completed.

### **GOVERNMENT ACCOUNTABILITY OFFICE**

#### **Completed Reports**

#### **Global War on Terrorism: DoD Needs To Take Action To Encourage Fiscal Discipline and Optimize Use of Tools Intended To Improve GWOT Cost Reporting**

(GAO-08-68, NOVEMBER 6, 2007)

Since the September 2001 terrorist attacks, the Congress has provided about \$542.9 billion, as of May 2007, to DoD for the Global War on Terrorism (GWOT). Prior Government Accountability Office (GAO) reports have found that DoD's reported GWOT obligation data is unreliable and also have found problems with transparency over certain costs. DoD made changes to its reporting procedures, requiring components to perform a monthly variance analysis on obligation data and to include affirmation statements attesting to the accuracy of cost data. Under the Comptroller General's authority to conduct evaluations on his own initiative, GAO assessed (1) the outlook of DoD's reported GWOT obligations for FY 2007 and funding requests for FY 2008, (2) the effect of changes in DoD's GWOT funding guidance, and (3) DoD's progress in implementing variance analysis and affirmation statements. For this engagement, GAO

analyzed FY 2007 GWOT-related appropriations and reported obligations, as well as DoD's corrective actions.

Through June 2007, DoD's reported obligations for FY 2007 of \$95.4 billion were almost equal to its total reported GWOT obligations for FY 2006. After GWOT obligations are reported for the remaining three months of FY 2007, which are now averaging \$10.6 billion a month, total obligations will significantly exceed those for FY 2006. Further, changes to the President's FY 2008 GWOT request for DoD have been submitted to fund operational requirements that were not included in the original request. These include decisions in January 2007 to increase or "surge" troop levels in Iraq, and in September 2007 to begin to withdraw these troops during FY 2008. These amendments, totaling nearly \$47.6 billion, bring the total FY 2008 GWOT funding request for DoD to about \$189.3 billion. Changes in DoD's GWOT funding guidance have resulted in billions of dollars being added to GWOT funding requests for what DoD calls the "longer war against terror," making it difficult to distinguish between incremental costs to support specific contingency operations and base costs.

Although emergency funding has historically been used to support unexpected costs of contingency operations, in October 2006, DoD revised guidance to allow for additional costs. As a result, the FY 2007 and 2008 requests included funding for items generally requested in DoD's base budget, such as future weapon

systems, transformation, and increases to military end strength. GAO believes that similarities, in some cases, between DoD's GWOT and base funding requests, along with the duration of GWOT operations, indicate that DoD has reached the point where it should build more funding into its base budget.

Without clearly defining the "longer war against terror" and increasing the transparency between incremental and base costs, decision makers cannot assess priorities and potential trade-offs. If the administration believes that the nation is engaged in a long-term conflict, the implications should be considered during annual budget deliberations. Continuing to fund GWOT through emergency requests reduces transparency and avoids the necessary reexamination of commitments, investment priorities, and trade-offs. DoD has achieved some positive results, and GWOT cost reporting continues to evolve.

More action is needed to optimize the tools intended to improve GWOT cost reporting. DoD has begun to improve transparency by requiring components to analyze variances in reported obligations and to disclose reasons for significant changes. GAO found that required explanations, in some instances, were not disclosed because of inadequate management oversight, and other types of analysis could help identify obligations omitted from reports, such as about \$1.5 billion in Marine Corps obligations. Also, in some cases, components did not provide required affirmation statements to attest to accuracy nor were they



required to disclose the basis for statements or note the outcome of variance analyses. Without more complete information and a more robust methodology, DoD does not yet have the data needed to assess reliability or to be confident adequate steps are taken to validate cost data.

### **Securing, Stabilizing, and Rebuilding Iraq: GAO Audits and Key Oversight Issues**

(GAO-08-231T, OCTOBER 30, 2007)

Since 2003, the Congress has obligated nearly \$400 billion for U.S. efforts in Iraq, of which about \$40 billion has supported reconstruction and stabilization efforts. Congressional oversight of this substantial investment is crucial as the Administration requests additional military and economic funds for Iraq. This testimony summarizes the results of recent GAO audit work and proposes three areas for which continued oversight is needed: (1) progress in improving security and national reconciliation, (2) efforts to develop clear U.S. strategies, and (3) Iraqi and international contributions to economic development. GAO reviewed U.S. agency documents and interviewed agency officials, including DoS, DoD, Treasury, and USAID; the UN; and the GOI. GAO also made multiple trips to Iraq as part of this work.

Since GAO last reported in September 2007 on the status of the 18 Iraqi benchmarks, the number of enemy attacks in Iraq has declined. Although political reconciliation will take time, Iraq has not yet advanced key legislation on equitably sharing oil revenues and hold-

ing provincial elections. In addition, sectarian influences within Iraqi ministries continue while militia influences divide the loyalties of Iraqi security forces.

U.S. efforts lack strategies with clear purpose, scope, roles, and performance measures. The U.S. strategy for victory in Iraq partially identifies the agencies responsible for implementing key aspects of the strategy and does not fully address how the United States would integrate its goals with those of the Iraqis and the international community. U.S. efforts to develop Iraqi ministry capability lack an overall strategy, no lead agency provides overall direction, and U.S. priorities have been subject to numerous changes. The weaknesses in U.S. strategic planning are compounded by the GOI's lack of integrated strategic planning in its critical energy sector. The U.S. strategy assumed that the Iraqis and international community would help finance Iraq's reconstruction. However, the GOI has limited capacity to spend reconstruction funds. For example, Iraq allocated \$10 billion of its revenues for capital projects and reconstruction in 2007. However, a large portion of this amount is unlikely to be spent, as ministries had spent only 24% of their capital budgets through mid-July 2007. Iraq has proposed spending only \$4 billion for capital projects in 2008, a significant reduction from 2007. The international community has pledged \$15.6 billion for reconstruction efforts in Iraq, but about \$11 billion of this is in the form of loans.

**Ongoing Audits****U.S. Assistance for Iraq Refugees and Internally Displaced Persons**

(PROJECT NUMBER NOT AVAILABLE, INITIATED NOVEMBER 2007)

According to UN High Commissioner for Refugees (UNHCR), there may be more than four million displaced Iraqis worldwide. The magnitude of refugees and internally displaced persons (IDPs)—comprising nearly 20% of Iraq’s population—represents a growing humanitarian crisis and is potentially destabilizing to Iraq and neighboring countries. Since 2003, the U.S. government has reportedly provided almost \$1 billion for refugees and IDPs. These questions will be addressed:

1. What is the nature and extent of U.S. funding for assistance to Iraqi refugees and IDPs?
2. What are the goals of U.S. and UN efforts to assist Iraqi refugees and IDPs, and what progress has been made?
3. What challenges do the U.S. and international community face in the efforts to assist Iraqi refugees and IDPs?

**Body Armor Programs and Testing**

(PROJECT NUMBER 351076, INITIATED AUGUST 2007)

Broad public interest and a June 2007 hearing on body armor raised several issues related to the Army’s testing of new solutions, current solicitations (RFP), and other issues. These are the key questions of the project:

1. To what extent was the Army’s May 2006 test of Pinnacle’s “Dragon Skin” body armor

conducted in accordance with established testing processes and procedures?

2. Is the Army’s current RFP testing of body armor systems conducted in accordance with established processes and procedures?
3. Do current solicitation processes ensure that the most appropriate body armor technologies, including viable new or alternative solutions, are provided to the troops?
4. Does DoD have controls in place to ensure that DoD personnel adhere to relevant policies and guidance regarding use of body armor?

**Use of Private Security Contractors in Iraq**

(PROJECT NUMBER 351083, INITIATED AUGUST 2007)

These questions will be addressed:

1. Why are private security contractors being used in Iraq instead of military or U.S. government civilian personnel?
2. What is the number of private security contractor employees working in Iraq for the U.S. government and the total costs of employing these contractors?
3. What process is used to ensure that contractor employees are properly trained, qualified, and vetted?
4. What processes are used by contractors and the government to ensure accountability for vehicles and weapons acquired by contractors?

**Planning for Iraq Drawdown**

(PROJECT NUMBER 351092, INITIATED AUGUST 2007)

The objective of this review is to assess DoD’s

planning process and plans for the eventual drawdown of U.S. forces in Iraq.

### **DoD Use of Individual Augmentees**

(PROJECT NUMBER NOT AVAILABLE, INITIATED AUGUST 2007)

The Congress has expressed concern with DoD's reliance on units performing non-traditional roles and missions and individual augmentees (IAs) in support of current operations, specifically in the areas of selecting, training, and equipping these positions. These key questions will be addressed:

1. To what extent do the services define and track units deploying in support of non-traditional roles and missions?
2. To what extent have efforts to select, train, and equip these units met theater requirements, and what impact have they had on the services and unit personnel?
3. How do the services define and track the use of IAs deploying in support of current operations?
4. To what extent do the services have procedures in place to select, train, and equip IAs to meet theater requirements for joint assignments?

### **Commander's Emergency Response Program**

(PROJECT NUMBER 351054, INITIATED JULY 2007)

These are the key questions to be addressed:

1. To what extent has DoD established project selection criteria to fund projects that advance the program's objectives?

2. To what extent has DoD coordinated with other agencies and the host governments?
3. To what extent has DoD conducted program oversight, including reviewing funding requests?
4. To what extent has DoD established performance metrics and assessed program impact?
5. To what extent has DoD obligated and tracked the use of CERP funds?

### **U.S. Forces Rotation Readiness**

(PROJECT NUMBER NOT AVAILABLE, INITIATED JULY 2007)

The Congress has been concerned about the impact of ongoing operations on military readiness and DoD's ability to train and maintain qualified and ready forces. These are the key questions to be addressed:

1. To what extent can the Army and the Marine Corps provide trained and ready forces for increased requirements in Iraq as well as other ongoing operations?
2. To what extent can the services provide trained and ready forces to meet the requirements of selected contingency war plans of the regional combatant commands?
3. To what extent has DoD assessed its risk in meeting the requirements of selected high-priority war plans and any alternatives or trade-offs that must be made to meet these requirements?

## Department of State's Use of Interagency Contracting

(PROJECT NUMBER 120657, INITIATED JUNE 2007)

Federal agencies have increasingly turned to interagency contracting as a way to streamline the procurement process. Since 2002, DoS has entered into at least \$1 billion in interagency contracts, including support of the Iraq Embassy and assistance with training and equipping of Iraqi security forces. GAO has identified interagency contracting as a high risk area.

These questions will be addressed:

1. What types of goods and services, and at what cost, has DoS procured using interagency contracts in Iraq and elsewhere?
2. What actions has DoS taken to promote successful acquisition outcomes when it acquires goods and services using interagency contracts?

## Budget Expenditures of Key Iraq Ministries

(PROJECT NUMBER 320484, INITIATED MAY 2007)

The expenditure of Iraq's \$10 billion capital projects budget is a key benchmark used to assess U.S. progress in stabilizing and rebuilding Iraq. This project will answer these questions:

1. How much funding has the GOI allocated and expended on capital projects and reconstruction?
2. What factors, if any, affect Iraq's ability to expend its budgets?
3. How has the U.S. government assisted Iraq with its budget execution process?

## Deployed Soldiers Medical Status

(PROJECT NUMBER NOT AVAILABLE, INITIATED APRIL 2007)

With DoD deploying more soldiers as part of its continuing military operations, the Congress is concerned that DoD is sending soldiers to combat with medical conditions that should have precluded them from being deployed. The key questions are:

1. How do services' policies, guidelines, and procedures implement DoD guidelines and differ across the services for documenting service members' medical limitations prior to deployment?
2. To what extent is the Army adhering to its policies, guidelines, and procedures for assessing and changing physical profiles that document soldiers' medical limitations?
3. To what extent has the Army deployed soldiers with serious medical conditions and to what extent have these soldiers been placed in positions or assigned duties that take into account their limitations?

## Joint Improvised Explosive Devices Defeat Organization Processes to Coordinate Counter-Improvised Explosive Devices Intelligence Support

(PROJECT NUMBER 351016, INITIATED MARCH 2007)

Improvised explosive devices (IEDs) are the number-one killer of U.S. troops in Iraq. In response to this threat, DoD established the Joint IED Defeat Organization (JIEDDO) to improve the U.S. military's capabilities to defend against IED attacks. Because of con-

cerns over JIEDDO's rapid growth in structure, scope, and funding over the past two years, the Congress directed GAO to perform a comprehensive review of JIEDDO's efforts to address IEDs. This is the key question: Does JIEDDO have effective processes in place for coordinating counter-IED intelligence support with other DoD and non-DoD organizations to leverage existing capabilities and prevent duplication of efforts?

### **Joint Improvised Explosive Devices Defeat Organization Organizational Management Support Capabilities**

(PROJECT NUMBER 351017, INITIATED MARCH 2007)

In response to the serious threat that IEDs pose to U.S. and Coalition forces, DoD established the JIEDDO to improve the U.S. military's capabilities to defend against IED attacks. Because of concerns over JIEDDO's rapid growth in structure, scope, and funding over the past two years, the Congress directed GAO to review JIEDDO's efforts to address IEDs.

1. To what extent has JIEDDO developed a financial management process to effectively report its use of resources?
2. What financial accounting data is available regarding how JIEDDO's funds have been spent?
3. What are the quantities and types of personnel and contractors funded by JIEDDO?

### **Factors Affecting U.S. Support for the Iraqi Security Forces**

(PROJECT NUMBER 350948, INITIATED DECEMBER 2006)

This follow-on to a prior review will explore the following:

1. How are current plans for the development of Iraqi Security Forces (ISF) logistical, command and control, and intelligence capabilities synchronized with the plan or vision for the future U.S. footprint in Iraq?
2. What factors (e.g., budgetary, training, resources, materiel, etc.) have affected progress, either with the development of ISF support capabilities, or toward the future U.S. footprint in Iraq?

### **Efforts To Stabilize Iraq and Achieve Conditions To Allow the Drawdown of U.S. Troops**

(PROJECT NUMBER 320461, INITIATED OCTOBER 2006)

This audit will focus on these key activities:

1. What changes, if any, have MNF-I and the U.S. Embassy Baghdad made to their joint campaign plan in response to the President's new strategy for Iraq?
2. What conditions must be achieved before MNF-I can transfer security responsibilities to the GOI and security forces?

How is the U.S. government assessing progress toward achieving the conditions necessary for the drawdown?

What progress are U.S. agencies reporting meeting the specified conditions, as well as the factors that are contributing to or inhibiting progress? This engagement's briefings and reports will be classified.

### **U.S. DEPARTMENT OF THE TREASURY**

U.S. Department of the Treasury (Treasury) did not start or complete any audits relating to Iraq reconstruction and relief since the SIGIR July 30, 2007 Quarterly Report. As of December 31, 2007, Treasury has no auditors in Iraq and no ongoing audits.

### **DEPARTMENT OF COMMERCE**

During this period, the Department of Commerce did not conduct any work related to, in support of, or in Iraq. Additionally, as of December 31, 2007, the Department of Commerce has no plans to conduct any work in the future. As of December 31, 2007, the Department of Commerce has no auditors in Iraq and no ongoing audits related to Iraq.